

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of KCP&L Greater Missouri Operations)
Company’s Application for Authority to Establish a) File No. EO-2014-0151
Renewable Energy Standard Rate Adjustment Mechanism)

**KCP&L GREATER MISSOURI OPERATIONS COMPANY’S REPLY TO
1) STAFF RECOMMENDATION; 2) OPC COMMENTS; 3) RENEW MISSOURI
COMMENTS; AND 4) OPC REPLY TO STAFF AND RENEW MISSOURI**

COMES NOW KCP&L Greater Missouri Operations Company (“GMO” or “Company”), and for its reply to 1) the Missouri Public Service Commission (“Commission”) Staff’s (“Staff”) August 8, 2014 Recommendation to Approve RESRAM with Variance, Reject Certain Tariff Sheets and Order Compliance Tariff Sheets and Customer Notice, 2) the Comments of the Office of the Public Counsel (“OPC”), 3) the Comments of Renew Missouri, and 4) OPC’s Reply to Staff and Renew Missouri respectfully states as follows:

I. Introduction

1. GMO filed its Application herein on April 10, 2014, accompanied by supporting testimony and proposed tariff sheets proposing to establish a renewable energy standard rate adjustment mechanism (“RESRAM”).

2. This response will be organized first by responding to the Staff Recommendation, next by responding to OPC’s comments, third by responding to Renew Missouri’s comments, then by responding to OPC’s Reply to Staff and Renew Missouri and, finally, by providing a conclusion.

II. Reply to Staff Recommendation

3. Renewable Energy Standard (“RES”) Compliance Costs (pp. 4-5 of the Staff Memorandum). GMO has no objection to most of this Staff recommendation; however, GMO believes that the cost of renewable energy credit (“REC”) purchases directly related to RES

compliance should also be identified as an RES compliance cost. While GMO incurred no such costs during the period September 1, 2012 through December 31, 2013, this RESRAM tariff will have applicability going forward and the cost of REC purchases directly related to RES compliance are clearly a RES compliance cost as defined in 4 CSR 240-20.100(1)(N).

4. St. Joseph Landfill Gas Costs (pp. 4-5 of the Staff Memorandum). GMO agrees with this Staff recommendation and hereby reaffirms its intent to propose moving recovery of St. Joseph Landfill Gas Costs from the fuel adjustment clause (“FAC”) to the RESRAM in GMO’s next general rate proceeding.

5. Pass-through of Benefits (pp. 6-7 of the Staff Memorandum). GMO generally agrees with the Staff’s recommendation that assessment of RES compliance benefits identified in the Staff recommendation should be addressed in future proceedings when it is possible that such benefits might be more quantifiable. With regard to two benefit items specifically mentioned by the Staff (capital costs associated with the St. Joseph Landfill Generating Station and revenues derived from the sale of RECs), GMO offers the following comments.

a. It is not at all clear to GMO what the Staff means by the statement that “GMO’s RES compliance benefits would also include changes in the capital-related costs of items in GMO’s RES rate base, particularly the St. Joseph Landfill Generating Station.” (pp. 6-7 of the Staff Memorandum). GMO reserves comment on this item until the meaning may be understood.

b. GMO objects to the Staff’s proposal (found on p. 7 of the Staff Memorandum) to flow through the RESRAM 5% of the revenues derived from the sale of RECs associated with purchased power agreement(s) (“PPA”) where the cost of such PPA is recovered through the

FAC.¹ According to 4 CSR 240-20.100(6)(A)16, “RES compliance costs shall only be recovered through an RESRAM . . . and shall not be considered for cost recovery through an . . . fuel adjustment clause.” Similarly revenues which have been treated as a flow through under the fuel clause should not be flowed through the RESRAM. Not only would adoption of this Staff recommendation be inconsistent with the RESRAM rule, it would contravene GMO’s FAC tariff, Sheet 124, 127.1, and 127.6, which provides:

COSTS AND REVENUES:

Costs eligible for the Fuel and Purchased Power Adjustment (FPA) will be the Company's allocated jurisdictional costs for the fuel component of the Company's generating units, purchased power energy charges, emission allowance costs and the costs described below associated with the Company's hedging programs - all as incurred during the accumulation period. These costs will be offset by jurisdictional off-system sales revenues, applicable Southwest Power Pool (SPP) revenues and costs, revenue from the sale of Renewable Energy Certificates or Credits (REC), and emission allowance revenues collected during the accumulation period. Eligible costs do not include the purchased power demand costs associated with purchased power contracts in excess of one year.

6. U.S. Solar Rebates (pp. 5-6 of the Staff Memorandum). The Company is generally opposed to this Staff proposal to defer recovery of rebates paid by GMO to its customers on account of what appears might be fraudulent conduct by U.S. Solar. Per 4 CSR 240-20.100(6)(A)11 Commission approval of proposed rate schedules, to establish or modify an RESRAM, shall not be binding in determining ratemaking treatment to be applied to RES compliance costs during a subsequent general rate proceeding when the Commission may undertake to review the prudence of such costs. The Company asserts that its actions in connection with rebate payments made to its customers who were also customers of U.S. Solar were prudent, and represent a total amount of less than 1% of total solar rebates paid by GMO to

¹ While the power obtained through this PPA is from a renewable resource and thus is accompanied by RECs which can be used for RES compliance, the PPA was determined to be advantageous in the market when GMO entered into the PPA. As a consequence, this PPA is not “directly related” to RES compliance, and the associated costs and revenues are flowed through GMO’s FAC.

date. This apparently fraudulent conduct does not indicate any imprudence on the part of GMO. Nevertheless, in light of the cap on recovery of RES compliance costs and the fact that this filing represents a limited portion of the total costs, GMO does not object to this Staff proposal for purposes of this case, subject to the caveat that all “carried forward” RES compliance costs not being recovered in the first year of the RESRAM, including solar rebates paid by GMO to customers of U.S. Solar, will have carrying costs applied and continue to be eligible for recovery from customers.

7. Limited Variance from 4 CSR 240-20.100(6)10 (p. 9 of the Staff Memorandum).

GMO agrees a limited variance is appropriate and hereby requests that the Commission, in the context of its order approving GMO’s RESRAM tariff sheets grant the Company a limited variance from 4 CSR 240-20.100(6)10. However, different from Staff’s proposal to bill the RESRAM charge as a percentage of taxable retail revenue, GMO requests the variance to allow the RESRAM charge to be applied as a per kWh charge. GMO states that assessing the RESRAM as a percentage of the taxable retail revenue will incorrectly include non-energy charges and would require substantial billing system modifications to execute. No retail revenues of the Company are billed on a percentage basis as recommended by Staff. To properly implement such a methodology would require substantial changes to the current customer billing system, which make it impractical to implement such a billing change in a reasonable time. As will be detailed further in the following paragraphs, GMO maintains the per kWh charge is appropriate and practical. As good cause for the variance, GMO states that applying the RESRAM charge on a per kWh basis is: consistent with the rule’s focus on energy charges (i.e., 4 CSR 240-20.100(6)10); readily capable of being billed as GMO’s billing system is currently configured; and simple and understandable from a customer perspective.

8. Customer Information (p. 8 and Appendix A of the Staff Memorandum). GMO objects only to the portions of the Staff recommendation related to application of the charge as a percentage instead of a per kWh charge. As supported in more detail in the following paragraph, the Company maintains its proposal that the RESRAM charge be applied as a per kWh charge. GMO accepts and is willing to apply the Staff's remaining proposed changes. Exhibit 1 appended hereto reflects the Company's proposal as revised by the Staff but excluding the Staff's proposal to bill the RESRAM charge as a percentage of taxable retail revenue and instead applying the RESRAM charge on a per kWh basis.

9. RESRAM To Be Billed as a Percentage of Customers Taxable Retail Revenue (pp. 8-9 of the Staff Memorandum). GMO has thoroughly considered the recommendation of Staff to bill the RESRAM as a percentage of taxable retail revenue for services rendered. This review took two primary paths, review of the proposal's consistency with the rule and review of the GMO billing system's ability to apply the percentage charge. Concerning the rule, GMO shares many of the concerns offered by OPC in its August 19th Reply to Staff and Renew Missouri. Particularly, GMO agrees that the proposed percentage charge would apply to charges beyond energy charges, a condition that seems in conflict with the rule. While justly offered as a compromise, it does expose customers with other billing components (service charges, facilities charges and demand charges). Utilizing a per kWh charge as originally proposed by GMO, ensures the RESRAM charge is only applied to energy charges and the Company believes this approach to be consistent with the intent of the rule.

10. Concerning the billing system capability, GMO reviewed the functionality of the Company's billing system and has determined that the percentage charge cannot be applied without extensive modification to the system. Due to limitations and dependencies within the

system, the percentage charge format cannot be applied to all of the adjustments and credits components used to bill many GMO customers. In particular, the percentage charge cannot be applied to adjustments for the Economic Development Rider and MPower billing factors. Alternately, applying the RESRAM charge as a per kWh charge is a common technique used by the Company and can be applied without issue. For these reasons, GMO objects to the Staff percentage proposal and recommends the Commission accept the RESRAM proposal offered by the Company.

11. RESRAM Compliance Tariff Sheets (p. 9 and Appendix B of the Staff Memorandum). GMO opposes the Staff recommendation that the RESRAM be applied as a percentage of taxable retail revenue and as a result, objects to the majority of this Staff recommendation. There are other elements of the proposed tariff sheets that GMO has indicated agreement with Staff's recommendation in this reply. Accordingly, GMO has incorporated those suggestions proposed by Staff that are agreeable to the Company in the exemplar tariff sheet appended as Exhibit 2 to this reply.

III. Reply to OPC Comments

12. Rebate Payments Made to Customers of KCP&L Solar (pp. 1-2 of OPC Comments). Because OPC seeks no specific action on this item, GMO will not address this section of OPC's comments except to state that, per 4 CSR 240-20.100(6)(A)11, prudence review of RES compliance costs is to occur in proceedings subsequent to the proceeding in which the Commission approves proposed rate schedules to establish or modify an RESRAM.

13. St. Joseph Landfill Gas Costs and PPA Costs (pp. 2-3 of OPC Comments).

a. GMO opposes the OPC recommendation regarding St. Joseph Landfill Gas Costs because adopting it here would require modification of GMO's FAC which can only occur

during a general rate proceeding. Section 386.266.4 RSMo. Supp. 2013; 4 CSR 240-20.090(2). For more detailed reasons why OPC's proposal regarding St. Joseph Landfill Gas costs should not be adopted, please see File No. ER-2014-0373 and the responses by both the Staff and GMO in opposition to this OPC proposal in that case.

b. Regarding OPC's comments on PPA costs, GMO states that RES compliance costs are defined (in 4 CSR 240-20.100(1)(N)) as costs "directly related to compliance with the Renewable Energy Standard." To the extent that a PPA provides power from a renewable resource, the associated PPA costs may be recoverable through the RESRAM, but only if the PPA is "directly related" to RES compliance. If the PPA would have been entered into irrespective of RES compliance because, for example, the associated cost was advantageous in the market at the time the decision to enter the PPA was made, then that PPA is not "directly related" to RES compliance and the associated costs would not be recoverable through the RESRAM, but through GMO's FAC.

IV. Reply to Renew Missouri Comments

14. RESRAM Benefits/Formula (pp. 1-3 of Renew Missouri's Comments). GMO agrees that under 4 CSR 240-20.100(1)(M), the RESRAM "allows periodic rate adjustments to recover prudently incurred RES compliance costs and pass-through to customers the benefits of any savings achieved in meeting the requirements of the Renewable Energy Standard", and therefore proposes that its RESRAM tariff be modified to ensure that benefits obtained by GMO directly related to RES compliance flow through the RESRAM, provided that such benefits are readily quantifiable and are not already recognized or returned to customers as part of existing regulatory mechanisms. The "actual" financial benefits discussed by Renew Missouri (items a-g on pp. 2-3 of Renew Missouri's Comments) are not readily quantifiable and, particularly in

connection with solar installations by customers, may not exist at all depending on the characteristics of the specific solar installation. Perhaps more importantly, however, to the extent any such “actual” financial benefits do exist, they are flowed through to the benefit of customers through the operation of presently existing mechanisms outside the RESRAM. Items a-f discussed by Renew Missouri are all variations of avoided costs. If a utility is able to avoid costs, then customers benefit directly because the utility is able to defer seeking rate increases or reduce the amount of rate increases it would otherwise seek. Regarding item g, GMO asserts that customer-installed solar generation in its service territory does not serve to reduce the amount of generation capacity required to meet peak demand because 1) the Southwest Power Pool gives no credit to the presence of customer-installed solar installations in assessing capacity needs and 2) peak demand on GMO’s system occurs later in the day than peak generation by customer-installed solar units. As to Renew Missouri’s discussion of societal benefits, GMO simply responds that 4 CSR 240-20.100 does not require those to be included in either the RESRAM tariff or customer notice.

15. Stipulation from File No. ET-2014-0259 (pp. 4-5 of Renew Missouri’s Comments). GMO is uncertain precisely what Renew Missouri is arguing here. The Stipulation and Agreement in File No. ET-2014-0259 (“GMO Solar S&A”) provides, among other things, for both 1) a cap on solar rebate payments by GMO (para. II.7.a. on pp. 3-4 of the GMO Solar S&A) and 2) a cap on GMO’s recovery of RES compliance costs related to solar rebate payments (para. II.7.e. on p. 6 of the GMO Solar S&A). Because the lion’s share of RES compliance costs incurred by GMO to date relate to solar rebate payments, GMO has proposed in this proceeding to recover an amount that does not exceed 1% of the Commission-determined

annual revenue requirement in GMO's most recently concluded general rate proceeding as provided in paragraph II.7.e. of the GMO Solar S&A.

16. Concurrent Use of RESRAM and Base Rate Recovery (pp. 5-6 of Renew Missouri's Comments). According to Renew Missouri, RES compliance costs cannot be concurrently recovered with some RES costs recovered in a RESRAM and others through base rates. GMO does not agree with this Renew Missouri interpretation of the rule because if that were true, there would be no reason for 4 CSR 240-20.090(6)(A)13 which provides, generally, that a) the RESRAM shall be reset to zero when new base rates including RES compliance costs or benefits previously being recovered in an RESRAM become effective, and b) any over- or under-recoveries existing after the RESRAM has been reset to zero shall be considered in the next RESRAM filing. The clear implication is that a subsequent RESRAM to recover additional RES compliance costs and reconcile any such over- or under-recoveries is contemplated after recovery of certain RES compliance costs has been moved from an RESRAM to base rates. In GMO's most recently concluded general rate case (File ER-2012-0175), the true-up date was August 31, 2012. Up to that point in time, GMO had incurred RES compliance costs of approximately \$6.57 million. GMO did not have a RESRAM at that time. As a consequence, there is currently included in GMO's base rates approximately \$2.19 million related to RES compliance. This amount is the result of a 3-year amortization of GMO's RES compliance costs through the true-up date. This RESRAM seeks to recover RES compliance costs incurred during the period September 1, 2012 through December 31, 2013. As a consequence, there can be no double-recovery through the RESRAM proposed by GMO of the RES compliance costs currently being recovered in base rates. That GMO is currently recovering some RES

compliance costs in base rates does not justify rejection of GMO's proposed RESRAM to recover different RES compliance costs in this proceeding.

17. Miscellaneous. Renew Missouri offers some additional comments which GMO will now address in turn.

a. GMO's Proposed Tariff and Customer Notice Language (pp. 6-7 of Renew Missouri's Comments). These concerns have been adequately addressed by GMO's response to the Staff's Recommendation regarding the RESRAM tariff and customer notice.

b. Definitions (pp. 7-8 of Renew Missouri's Comments). These concerns have been adequately addressed by GMO's response to the Staff's Recommendation regarding the RESRAM tariff.

c. Potential for Additional Solar Rebates (pp. 8-9 of Renew Missouri's Comments). GMO disagrees with these Renew Missouri Comments to the extent they imply that GMO will be required to pay solar rebates beyond the requirements of its currently effective tariff sheet as approved in File No. ET-2014-0277.

V. Reply to OPC's Reply to Staff and Renew Missouri

18. RESRAM Charge (pp. 1-2 of OPC's Reply to Staff and Renew Missouri). Here OPC opposes the Staff's recommendation that the RESRAM charge be billed as a percentage of customers' taxable retail revenue and instead argues that the RESRAM charge should be billed as a fixed rate per kWh. After review of those OPC comments, GMO agrees with OPC that the energy-basis identified in 4 CSR 240-20.100(6)(A)10 is the key consideration and applying the charge as a percentage of all taxable revenue will include other, non-energy charges.

19. RESRAM Formulae (pp. 2-3 of OPC's Reply to Staff and Renew Missouri). OPC addresses the RESRAM calculation and provides an example to support their proposed

revisions. GMO disagrees with the proposed language as it does not calculate the RESRAM as a per kWh charge as endorsed by OPC elsewhere in its comments and the language includes benefits discussed by Renew Missouri that, as noted earlier, are not readily quantifiable and, particularly in connection with solar installations by customers, may not exist at all depending on the characteristics of the specific solar installation.

20. St. Joseph Landfill Gas Variance (pp. 3-4 of OPC's Reply to Staff and Renew Missouri). OPC offers nothing new in this pleading and in reply GMO points the Commission to para. 13.a. of this reply and simply states that now is not the time to make this change regarding St. Joseph Landfill Gas Costs. Regarding PPA costs, the Company adequately addressed this OPC recommendation in para. 13.b. of this reply.

21. U.S. Solar (p. 5 of OPC's Reply to Staff and Renew Missouri). GMO has no reply to this except to state that OPC has provided nothing in support of its assertion in footnote 6 and GMO hereby states its disagreement with that assertion.

VI. Conclusion

22. Having addressed each comment, recommendation or argument made by the Staff, OPC and Renew Missouri, GMO has attached to this reply as Exhibit 2 exemplar tariff sheets which reflect its reply comments. After due hearing, GMO requests that the Commission approve its proposed RESRAM tariff sheets as modified in this reply.

23. Because the effective date of its proposed RESRAM tariff sheets is September 8, 2014 and because, under 4 CSR 240-20.100(6)(C)1 “. . . the commission shall have no less than thirty (30) days from the filing of the electric utility's reply to hold a hearing and issue a report and order . . .”, GMO has concurrently herewith extended the proposed effective date of its RESRAM tariff sheets until October 8, 2014. Consistent with the provisions of the rule,

therefore, GMO requests that the Commission convene a hearing and issue its order such that GMO's RESRAM tariff sheets can take effect on October 8, 2014.

WHEREFORE, GMO respectfully submits this reply and requests that the Commission issue its order consistent herewith.

Respectfully submitted,

/s/ Robert J. Hack

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ATTORNEYS FOR KCP&L GREATER
MISSOURI OPERATIONS COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, to the certified service list in File No. EO-2014-0151 this 22nd day of August, 2014.

/s/ Robert J. Hack

Robert J. Hack

GMO's Proposed Customer Materials with accepted Recommendations Shown

Initial Notice

Renewable Energy Standard Rate Adjustment Mechanism

KCP&L Greater Missouri Operations (GMO) filed for a Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) with the Missouri Public Service Commission (Commission)*. The RESRAM charge will recover ~~approved~~ costs associated with the state's Renewable Energy Standard which ~~is a regulation that was approved by voters in 2008 as Proposition C. and~~ requires the increased production of energy from renewable energy sources, such as wind, solar, and geothermal/biomass.

~~The RESRAM is a way to account for the incremental amount accrued to comply with Renewable Energy Standard over what is already included in base rates.~~ Beginning ~~August~~ October 1, 2014, the RESRAM amount will appear as a new line item on the bill and a typical residential customer using 867 kWh of electricity will see about 81 cent increase per month.

~~The Costs and benefits passed through the RESRAM is an accurate way to reflect the charges associated with the Renewable Energy Standard. By using current figures, rather than an estimate, will be reviewed by the Commission so that~~ customers pay only for prudently incurred Renewable Energy Standard costs.

[BILL ITEMIZATION INSET]

*In accordance with Statutory Authority Section 393.1030.2(4) RSMO.

How Does ~~it~~ work?

- The Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) on your bill is calculated by multiplying the RESRAM factor by the kilowatt hours (kWh) used during the month.
- The RESRAM factor is calculated by taking the accrued costs and benefits associated with the Renewable Energy Standard since the last rate request. The RESRAM is not to exceed 1% of the utility's retail revenue.
- The Missouri Public Service Commission approved the RESRAM factor of \$0.00094/kWh for ~~August~~ October 8, 2014 through ~~September~~ July 30, 2015.
- There is a filing submitted for Commission review and approval each year to ensure that the correct amount is collected from customers.

Annual notice

Renewable Energy Standard Rate Adjustment Mechanism: ~~Your electric rate includes~~ The RESRAM recovers costs and returns benefits associated with complying with Renewable Energy Standard incurred by ~~KCP&L~~ GMO. ~~Costs above what are included in base rates are~~ The RESRAM is itemized separately on -your bill and adjusted annually. For more information go to kcpl.com/resram.

Website

RESRAM (Renewable Energy Standard Rate Adjustment Mechanism): For customers in the ~~Greater Missouri Operations~~ GMO service area, this is a way to account for ~~the incremental amount incurred~~ costs and benefits

experienced to comply with Renewable Energy Standard, over what is already included in base rates. The charge for these costs are evaluated and approved by the Missouri Public Service Commission annually.

Call Center

Starting ~~October 8~~August 1, 2014, this will appear on bills for GMO customers. It was approved by the Missouri Public Service Commission (MPSC) as a way to account for the incremental amount incurred to comply with Renewable Energy Standard, over what is already included in base rates. A typical residential customer with average usage of 867 kWh monthly will see an increase of approximately \$0.03 per day. Affected customers received a bill insert (the word bill insert is a hyperlink to the actual bill insert for quick reference) explaining the new charge.

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1

Original Sheet No. 137

Canceling P.S.C. MO. No. _____

Original Sheet No. _____

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO

For Territories Served as L&P and MPS

RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM – RESRAM
ELECTRIC

APPLICABILITY

This Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) is applicable to all kilowatt-hours (kWh) of energy sold to the retail customers served by the Company.

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Charges passed through this RESRAM reflect the Renewable Energy Standard ("RES") compliance costs and benefits as defined in 4 CSR 240-20.100(6) incurred subsequent to the August 2012 true-up in Rate Case No. ER-2012-0175 and deferred, along with carrying costs, to account 182 for the months September 2012 through December 2013 up to the allowable cap of 1% of the Commission determined annual revenue requirement in Rate Case No ER-2012-0175 or other Commission-approved compliance cost. Each annual filing will be made to include the remaining deferred costs as allowed up to the 1% cap.

Revised RESRAM rate schedules shall be filed to reset the RESRAM to zero (0) when new base rates and charges become effective following a Commission report and order establishing customer rates in a general rate proceeding that incorporates RES compliance costs or benefits previously reflected in an RESRAM in the Company's base rates or modify the RESRAM rate as necessary to reflect any portion of the RES compliance costs or benefits reflected in a RESRAM that the Commission does not order to be placed into base rates in that proceeding and that will continue to be recovered through the RESRAM. Any over- or under-recovery of RESRAM revenues or over- or under-pass-through of RESRAM benefits that exists after the RESRAM has been reset to zero (0) modified, shall be tracked in an account and considered in the Company's next RESRAM filing or general rate case proceeding, whichever occurs first.

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In the event that the Commission orders an offset adjustment, that RESRAM Offset Rate shall be netted with the otherwise applicable RESRAM rate for the pendency of the offset adjustment.

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DEFINITIONS

As used in this RESRAM, the following definitions shall apply:

"Actual Compliance Costs" (ACC) means the total accumulated cost of compliance and is the current balance of RES deferred costs. These costs include costs that are directly attributable to compliance with §393.1030 RSMo, including but not limited to Solar Rebates, S-REC's, REC's, and NAR system costs, along with carrying costs as determined in the Non-unanimous Stipulation and Agreement from File No. ET-2014-0071. Costs incurred subsequent to December 31, 2013 as well as costs in excess of the recovery cap will continue to be deferred according to the above referenced Stipulation and Agreement.

"Actual Compliance Benefits" (ACB) means the readily quantifiable benefits directly related to compliance with the RES, not recognized or returned to customers as part of existing regulatory mechanisms.

"Solar Rebates" means actual amount of all rebates paid for solar generating installations by the Company in compliance with §393.1030 RSMo and the Company Rules and Regulations, Section 9.18 - Solar Photovoltaic Rebate Program, as well as incremental administrative costs to administer the Solar Rebate Program.

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"Renewable Energy Credit" (REC) means a tradable certificate, that is either certified by an entity approved as an acceptable authority by the Commission or as validated through the Commission's approved REC tracking system or a generator's attestation and further defined in 4 CSR 240-20.100 Electric Utility Renewable Energy Standard Requirements.

"Solar Renewable Energy Credit" (S-REC) means a REC created by generation of electric energy from solar thermal sources, photovoltaic cells and photovoltaic panels.

Issued:
Issued by: Darrin R. Ives, Vice President

Effective:

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No. 1

Original Sheet No. 137.1

Canceling P.S.C. MO. No. _____

Original Sheet No. _____

KCP&L Greater Missouri Operations Company
KANSAS CITY, MO

For Territories Served as L&P and MPS

RENEWABLE ENERGY STANDARD RATE ADJUSTMENT MECHANISM – Rider RESRAM
ELECTRIC Cont'd

DEFINITIONS (Continued)

"NAR system costs" means administrative costs associated with registering RECs and S-RECs.

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"Carrying Costs" means financing charges applicable to RES compliance costs based on the Company's short-term debt rate.

"Effective Period" (EP) shall mean the twelve (12) billing months beginning with the month of October 2014, and each twelve month period there-after, August billing month and ending with the July billing month.

"Recovery Cap" (RC) shall be set at 1% of the Commission-determined annual revenue requirement in Rate Case No. ER-2012-0175. In each subsequent rate case, the annual revenue requirement will be re-established to the Commission-determined revenue requirement in that proceeding to be used in subsequent RES filings.

"RESRAM Revenue Requirement" [RRR] means the Actual Compliance Costs net of Actual Compliance Benefits.

"Ordered Adjustment" (OA) means any amount ordered by the Commission to be included in the RESRAM per kWh rate as a result of prudence reviews and/or corrections arising from the start of the ACC-RRR calculation. The adjustment may be positive or negative. Such amounts shall include interest at the Company's short-term borrowing rate. The adjustment will be designed to reconcile such disallowed costs or benefits within the six (6)-month period immediately subsequent to any commission order regarding such disallowance of RES compliance costs or benefits.

"Retail kWh sales" (E) means the retail kWh sales as established in the Company's most recent rate case.

RESRAM DETERMINATION

The RESRAM per kWh rate shall be determined pursuant to the following formula with the resulting charge stated as a separate line item on the customers' monthly bills during the EP.

If ACC-RRR is greater than or equal to RC then:
 $RESRAM = ((RC + OA) / E) + (OA / E)$

If ACC-RRR is less than RC then:
 $RESRAM = (ACCRRR + OA) / E + (OA / E)$

The RESRAM per kWh rate applicable rounded to the nearest \$0.00001 is \$.00094.

FILING

The Company shall make a RESRAM filing during each calendar year. Each filing after the initial RESRAM rate is established shall be effective for the August-October billing month and such Rider RESRAM filings shall be made at least sixty (60) days prior to their effective dates.

PRUDENCE REVIEWS

A prudence review shall be conducted no less frequently than at eighteen-twenty four (1824) month intervals. A prudence review shall also be conducted concurrent with any general rate case filed by the Company. Any costs which are determined by the Commission to have been imprudently incurred or incurred in violation of the terms of this Rider RESRAM shall be credited to customers through future adjustments to the RESRAM per kWh rate. Adjustments by Commission order, if any, pursuant to any prudence review shall be included in the RESRAM determination in OA above. Such amounts shall include monthly interest at the Company's monthly short-term borrowing rate.

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Effective: